



Goodwin Living

Fiscal Year 2024 Operating and Capital Budget September 1, 2023



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Organizational Summary

Obligated Group

Budget provided to bondholders and is a public document

Goodwin
House
Alexandria

Goodwin
House Bailey's
Crossroads

Goodwin
Living at
Home

Goodwin
Living
Specialized
Care

Excluded from Obligated Group

Budgets are reviewed by individual Boards

Goodwin
Living
Foundation

Goodwin
Living Dev
Corp / TVA

Goodwin
Home &
Community

Goodwin
Community
Services



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Fiscal Year 2024 Budget Presentation

Glossary / Acronym Explanation:

- GLI = Goodwin Living Incorporated
- GHA = Goodwin House Alexandria
- GHBC = Goodwin House Bailey's Crossroads
- GLAH = Goodwin Living at Home
- GLHCBS = Goodwin Living Home and Community Based Services (Home Health / Rehab Services)
- GLF = Goodwin Living Foundation
- GLDC = Goodwin Living Development Corporation
- TVA = The View Alexandria (formerly The Hermitage)
- SC = Specialized Care which includes Hospice and Homecare
- OG = Obligated Group = the group of entities that are legally bound to pay the outstanding long-term debt of GLI



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Ratio Definition:

Profitability		
Operating Ratio (%)	Cash operating expenses/cash operating revenues.	Provides an indication of a borrower's reliance on net entrance fees to subsidize operations.
Net Operating Margin (%)	Resident revenue-(resident expenses-depreciation and interest expense)/resident revenue.	Provides an indication of margin available from core operations for payment of debt service.
Net Operating Margin Adjusted (%)	Resident revenue plus net turnover entrance fees received-(resident expenses-depreciation and interest expense)/(resident revenue+net entrance fee received).	Provides an indication of margin available from core operations plus entrance fees received for the payment of debt service.

Source: Fitch Ratings.

The above are the primary ratios used when evaluating the annual operating budget.

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Ratio Definition:

Capital Structure and Cash Flow

Debt Service Coverage (x)	Excess income + interest, depreciation and amortization expense-amortization of entrance fees+net turnover entrance fees received/MADS.	Indicates the margin available (including net entrance fee receipts) to meet MADS requirements.
Capital Expenditures as % of Depreciation Expense	Net purchase of property, plant and equipment/depreciation expense.	Indicates the level of capital reinvestment into the facility.

Liquidity

Days Cash on Hand	Unrestricted cash and investments/(cash operating expenses/365).	Measures the number of days a borrower can fund operating expenses from unrestricted cash and investments.
Cash to Debt	Unrestricted cash and investments/total debt.	Measures the ability of a borrower to pay total debt from unrestricted liquidity balances.
Cushion Ratio	Unrestricted cash and investments/MADS.	Measures the ability of a borrower to pay debt service from unrestricted liquidity balances.

Current Year Update – Well Positioned

- Fiscal Year 2023 (10/1/22 – 9/30/23)
- Fitch reaffirmed Goodwin Living's rating at BBB+ in May, 2023.
- Strong occupancy across all levels of care at GHA & GHBC.
- Significant growth and continued support from the Goodwin Living Foundation including:
 - Resident Support / Team Member Support
 - Citizenship / Tuition / Scholarship
 - Support for Strategic Initiatives
- High Retention of Team Members



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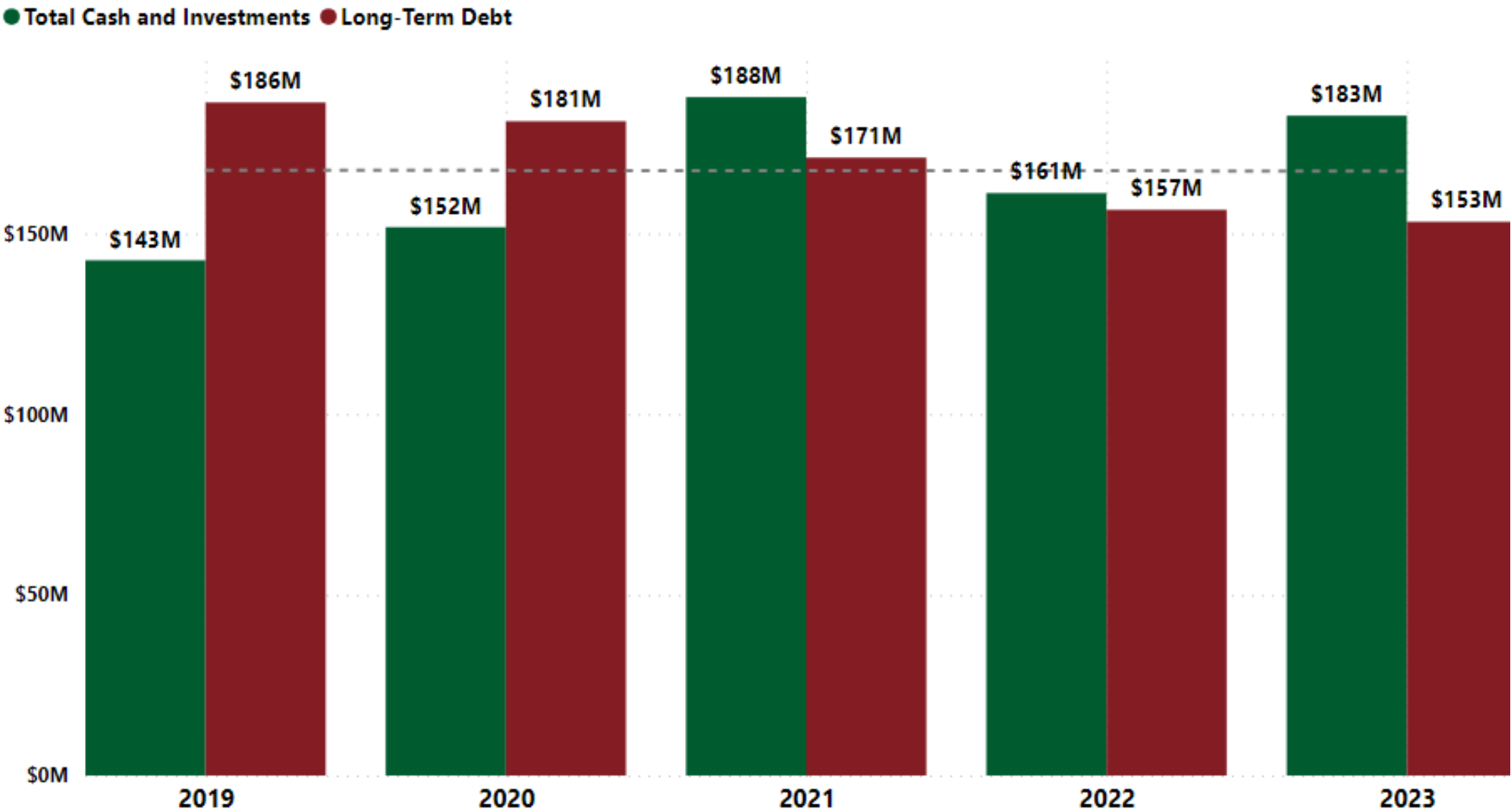
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Current Year Update – Well Positioned

	FY 22 Audit	YTD 5/31/23	YTD 6/30/23	YTD 7/31/23	FY23 Budget	Fitch Median (published 9/6/22)
DCOH	699	709	724	743	798	556
Cash to Debt	104.2%	112.7%	115.8%	119.2%	120%	69.4%
Cushion Ratio	15.6	16.8	17.2	17.7	18.1	11.0
DSCR	3.7x	2.7x	2.9x	2.9x	3.5x	2.6x
Capital Exp. / Depr.	100.0%	81.9%	74.5%	73.1%	120.0%	104.4%
NOM	-4.9%	-4.2%	-4.5%	-4.3%	-1.5%	5.4%
NOM – A	27.5%	22.7%	22.8%	23.6%	25.1%	22.0%
OR (includes realized gains)	97.5%	107.6%	106.8%	105.6%	97.0%	96.9%

Well Positioned for Future Reinvestment

Total Cash and Investments vs Long-Term Debt by Year



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Living Wage Journey

- Goodwin Living is continuing our living wage journey to recruit and retain the highest quality staff.
- The living wage for our employment marketplace is over \$22/hour.
- Contained in the FY24 budget GL is anticipating a 3.5% increase for team members compensation with an understanding that certain positions may have an increase in excess of this amount to remain competitive.
- **Two thirds of the FY24 Operating Budget are personnel based.**



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Living Wage Journey

Estimated GL minimum wage:

	GL Staff	CNA / Care Partners
FY24	\$ 18.75	\$ 21.00
FY25	\$ 19.50	\$ 22.00
FY26	\$ 20.25	\$ 23.00



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- Monthly Service Fee Increase: **3.95%**
- Entrance Fee Increase averaging **6.27% & 7.23%** at GHA & GHBC respectively.
- Charges for resident IT services **will be reinstated 10/1/23.**
- Budgeting for an Operating Ratio (OR) of 95.4% (below 100% is considered good by industry standards).
- Budgeting for a Net Operating Margin – Adjusted (NOM-A) of 21.2%
- Budgeting for a Net Operating Margin (NOM) of -2.0% which is better than FY23 actual annualized results.
- Recommendation to Board of Trustees to transfer **\$2.0 Million** from the Obligated Group to GLDC.



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- Historical Lifecare contract monthly service fee increase and budgeted 2024:
- Note: Entrance fees for new contracts are budgeted to rise between 7-8% on average

Year	GHA	GHBC
2013	3.25%	3.25%
2014	3.25%	3.00%
2015	3.25%	3.25%
2016	3.25%	3.00%
2017	3.25%	3.25%
2018	3.00%	3.00%
2019	3.00%	3.00%
2020	3.80%	3.80%
2021	3.80%	3.80%
2022	3.75%	3.75%
2023	3.50%	3.50%
2024	3.95%	3.95%



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- Major factors affecting FY24 financial performance:
 - Ongoing wage adjustments in an effort to get closer to living wage
 - Inflationary increases, base inflation factor for FY24 budget = 3.5%
- Occupancy Assumptions:

	GHA	GHBC
Independent Living	95.9%	96.0%
Assisted Living	94.4%	95.4%
Memory Care	90.2%	96.3%
Healthcare	95.0%	94.9%



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- GHA Detailed Occupancy Assumptions:

Level of Care	Apts/Suites	2023 Budget	YTD June 2023	2024 Budget
Independent Living	269	95.1%	95.9%	95.9%
Assisted Living	51	92.7%	91.6%	94.4%
Memory Support	10	90.0%	97.3%	90.2%
Health Care	80	91.3%	93.5%	95.0%

Health Care Payor Mix

Payor	2023 Budget	YTD June 2023	2024 Budget
Lifecare	66%	61%	66%
Medicare	10%	12%	8%
Medicaid	4%	2%	1%
Private Pay	21%	25%	25%



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- GHBC Detailed Occupancy Assumptions:

Level of Care	Apts/Suites	2023 Budget	YTD June 2023	2024 Budget
Independent Living	327	93.5%	97.8%	96.0%
Assisted Living	41	92.7%	93.3%	95.4%
Memory Support	16	93.8%	94.7%	96.3%
Health Care	69	91.3%	93.6%	94.9%

Health
Care
Payor
Mix

Payor	2023 Budget	YTD June 2023	2024 Budget
Lifecare	62%	55%	54%
Medicare	10%	8%	8%
Medicaid	5%	4%	10%
Private Pay	23%	33%	28%



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- Goodwin Living at Home budgeted to increase to 256 members by the close of FY24, an increase of 31 members from the current census of 225
- Goodwin Hospice budgeted to have an average daily census of 150 by the close of FY24. Current census at Goodwin Hospice is 130.
- Goodwin Homecare is anticipated to increase the number of hours provided to Goodwin House residents to pre-pandemic levels and begin serving residents of The View.



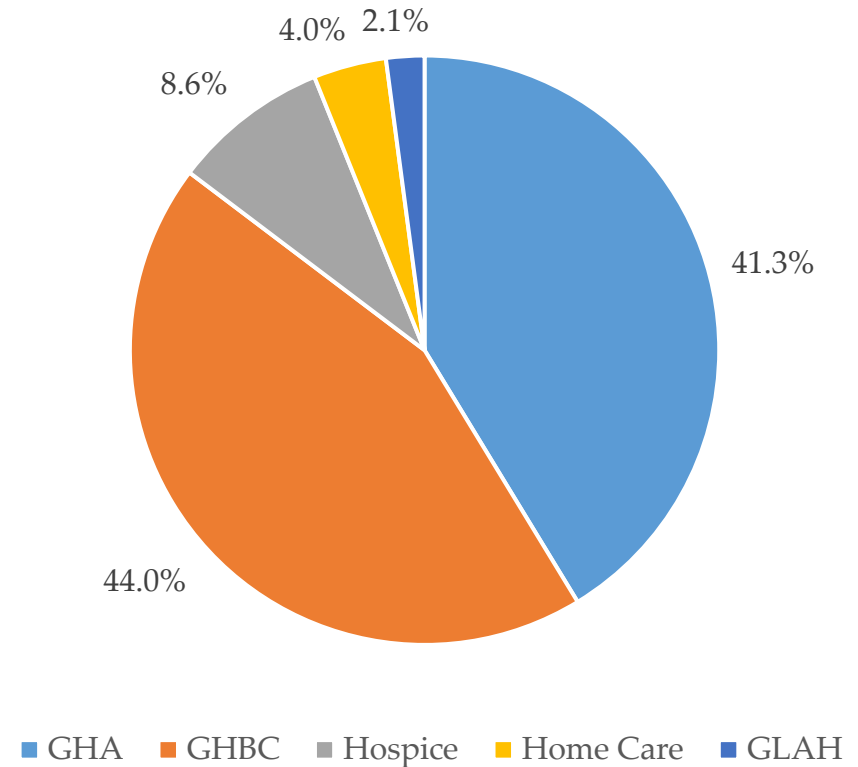
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- Total Revenue by Entity (in 000s):

	2023 Budget	Projected 2023	2024 Budget	% of Total
GHA	\$47,970	\$44,947	\$49,002	41.3%
GHBC	\$48,941	\$46,033	\$52,159	44.0%
Hospice	\$9,024	\$8,572	\$10,166	8.6%
Home Care	\$5,359	\$4,371	\$4,783	4.0%
GLAH	\$2,540	\$2,340	\$2,503	2.1%



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Goodwin Living Incorporated	2022	2023	2023	2024
Statement of Operations	Actual	Budget	Projected	Budget
REVENUES, GAINS, AND OTHER SUPPORT				
Monthly Fees	50,975,136	53,044,108	52,911,451	55,679,004
Amortization of Deferred Revenue	23,061,844	25,427,742	22,140,337	22,130,487
Health Care Services	10,025,951	10,099,464	12,425,144	12,645,305
Investment Income	11,863,636	9,555,097	4,414,822	11,648,463
Home Care	4,340,927	5,359,200	4,370,581	4,782,864
Palliative Care & Hospice	7,155,449	8,955,215	8,413,614	10,064,471
Resident and Other Services	1,347,201	1,395,194	1,587,151	1,662,973
CARES Act/Provider Relief & Other	1,547,019	-	-	-
Total Revenue, Gains, and Other Support	110,317,163	113,836,020	106,263,101	118,613,567
EXPENSES				
Administrative & General	2,844,326	2,567,855	1,990,887	2,158,622
Marketing & Sales	1,091,775	1,187,919	1,228,233	1,273,232
Resident and Other Services	6,145,292	6,046,641	6,442,989	7,045,206
Plant Operations	6,678,333	6,559,518	7,753,236	6,999,948
Environmental Services	3,366,791	3,246,067	3,489,167	3,620,623
Dietary	14,544,060	14,477,214	15,655,619	15,835,142
Health & Wellness	20,888,906	20,397,383	20,741,659	21,825,248
Home Care	4,588,358	5,264,973	4,562,626	4,614,173
Palliative Care & Hospice	6,605,724	7,631,849	7,451,442	9,115,487
Depreciation	17,245,014	17,312,490	18,216,752	18,763,254
Interest	6,024,196	5,773,938	5,807,179	5,618,776
Sub-Total Expenses	90,022,773	90,465,848	93,339,788	96,869,711
Home Office Overhead:				
Home Office - Adm, Staff Dev & Gen	8,455,555	8,653,762	10,135,888	9,492,675
Home Office - Marketing	2,159,535	2,252,830	2,422,647	2,811,455
Home Office - Purchasing	566,692	635,910	593,855	638,236
Home Office - Laundry	804,760	741,528	749,834	732,342
Home Office- Health Info. Sys.	326,628	351,600	304,120	371,799
Total Home Office Overhead	12,313,170	12,635,630	14,206,344	14,046,507
			-	
Total Expenses	102,335,943	103,101,478	107,546,132	110,916,218
OPERATING INCOME/(LOSS)	7,981,220	10,734,542	(1,283,031)	7,697,350

GHA / Home Office	2022	2023	2023	2024
Change in Net Assets	Actual	Budget	Projected	Budget
REVENUES, GAINS, AND OTHER SUPPORT				
Monthly Fees	23,820,376	24,800,727	24,173,483	25,529,332
Amortization of Deferred Revenue	12,023,371	13,285,634	11,472,110	11,413,944
Health Care Services	5,102,989	5,101,594	6,665,671	6,400,163
Investment Income	4,791,433	4,046,387	1,818,782	4,810,411
Resident and Other Services	725,218	735,875	816,827	848,497
CARES Act/Provider Relief & Other	749,620	-	-	-
Total Revenue, Gains, and Other Support	47,213,006	47,970,217	44,946,873	49,002,347
EXPENSES				
Administrative & General	1,410,114	1,081,024	976,560	1,025,403
Marketing & Sales	242,743	236,233	254,433	291,671
Resident and Other Services	2,268,823	2,335,096	2,391,752	2,641,448
Plant Operations	3,334,999	3,264,875	3,717,471	3,456,996
Environmental Services	1,653,707	1,721,477	1,752,295	1,839,758
Dietary	6,405,754	6,525,237	6,807,589	7,067,986
Health & Wellness	11,235,583	10,904,879	11,279,840	11,815,559
Pharmacy	-	-	-	-
Depreciation	8,543,017	8,553,582	9,053,366	9,324,967
Amortization	-	-	-	-
Interest	2,892,868	2,756,440	2,764,505	2,753,589
Other Expenses	-	-	-	-
Sub-Total Expenses	37,987,607	37,378,842	38,997,811	40,217,377
Home Office Overhead:				
Home Office - Adm, Staff Dev & Gen	4,137,927	4,254,516	4,958,946	4,139,121
Home Office - Marketing	1,039,776	1,115,579	1,174,617	1,333,639
Home Office - Purchasing	269,179	302,039	281,781	303,217
Home Office - Laundry	374,568	356,345	345,150	351,931
Home Office - Health Info. Sys.	155,148	167,000	144,303	176,637
Total Home Office Overhead	5,976,598	6,195,479	6,904,796	6,304,545
Total Expenses	43,964,205	43,574,322	45,902,607	46,521,922
OPERATING INCOME/(LOSS)	3,248,802	4,395,895	(955,734)	2,480,425

GHBC	2022	2023	2023	2024
Change in Net Assets	Actual	Budget	Projected	Budget
REVENUES, GAINS, AND OTHER SUPPORT				
Monthly Fees	25,887,109	26,719,341	27,281,913	28,537,993
Amortization of Deferred Revenue	10,270,515	11,247,143	9,926,953	9,948,707
Health Care Services	4,922,962	4,997,870	5,759,473	6,245,142
Investment Income	6,833,480	5,333,718	2,299,978	6,619,122
Resident and Other Services	610,883	643,319	764,924	808,176
CARES Act/Provider Relief & Other	797,399	-	-	-
Total Revenue, Gains, and Other Support	49,322,349	48,941,391	46,033,241	52,159,140
EXPENSES				
Administrative & General	1,288,004	1,068,224	975,555	991,458
Marketing & Sales	198,106	147,102	188,855	215,194
Resident and Other Services	2,391,608	2,406,273	2,312,892	2,641,317
Plant Operations	3,343,334	3,294,644	4,035,765	3,542,951
Environmental Services	1,713,084	1,524,591	1,736,872	1,780,866
Dietary	8,138,306	7,951,976	8,848,030	8,767,157
Health & Wellness	9,653,323	9,492,504	9,461,819	10,009,688
Pharmacy	-	-	-	-
Depreciation	8,700,525	8,757,391	9,161,914	9,436,771
Amortization	-	-	-	-
Interest	3,131,327	3,017,498	3,042,674	2,865,187
Other Expenses	-	-	-	-
Sub-Total Expenses	38,557,618	37,660,204	39,764,376	40,250,589
Home Office Overhead:				
Home Office - Adm, Staff Dev & Gen	4,317,627	4,399,246	5,176,942	5,353,554
Home Office - Marketing	1,119,759	1,137,250	1,248,030	1,477,816
Home Office - Purchasing	297,513	333,871	312,074	335,018
Home Office - Laundry	430,193	385,182	404,685	380,411
Home Office- Health Info. Sys.	171,480	184,600	159,817	195,162
Total Home Office Overhead	6,336,572	6,440,151	7,301,548	7,741,962
Total Expenses	44,894,190	44,100,355	47,065,924	47,992,551
OPERATING INCOME/(LOSS)	4,428,160	4,841,036	(1,032,683)	4,166,589

Fiscal Year 2024 Budget Presentation

GLSC	2021	2022	2023	2023	2024
Change in Net Assets	Actual	Actual	Budget	Projected	Budget
REVENUES, GAINS, AND OTHER SUPPORT					
Home Care	4,580,883	4,340,927	5,359,200	4,370,581	4,782,864
Hospice	6,056,814	7,155,449	8,955,215	8,413,614	10,064,471
Investment Income	99,561	106,390	69,193	158,822	101,928
				-	
Total Revenue, Gains, and Other Support	10,737,258	11,602,766	14,383,608	12,943,018	14,949,264
				-	
EXPENSES				-	
Home Care	4,741,337	4,588,358	5,264,973	4,562,626	4,614,173
Hospice	5,173,741	6,605,724	7,631,849	7,451,442	9,115,487
				-	
Total Expenses	9,915,078	11,194,082	12,896,823	12,014,069	13,729,659
				-	
OPERATING INCOME/(LOSS)	822,180	408,684	1,486,785	928,949	1,219,604



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GLAH	2021	2022	2023	2023	2024
Change in Net Assets	Actual	Actual	Budget	Projected	Budget
REVENUES, GAINS, AND OTHER SUPPORT					
Monthly Fees	1,069,106	1,267,651	1,524,039	1,456,056	1,611,678
Amortization of Deferred Revenue	671,688	767,958	894,965	741,274	767,836
Investment Income	119,673	132,333	105,800	137,240	117,002
Resident and Other Services	13,500	11,100	16,000	5,400	6,300
Total Revenue, Gains, and Other Support	1,873,967	2,179,042	2,540,804	2,339,970	2,502,817
				-	
EXPENSES				-	
Administrative & General	2,100,297	146,207	418,607	38,772	141,761
Sales	-	650,925	804,584	784,944	766,367
Member Services	-	1,484,862	1,305,272	1,738,345	1,762,441
Depreciation	736	1,472	1,516	1,472	1,516
Sub-Total Expenses	2,101,033	2,283,467	2,529,979	2,563,533	2,672,085
OPERATING INCOME/(LOSS)	(227,066)	(104,425)	10,826	(223,563)	(169,269)



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OG Profitability Ratio Summary

	FY 22 Audit	YTD June 30, 2023	FY24 Budget
OR (<100% is ideal)	97.5%	106.8%	95.4%
NOM-A	27.5%	22.8%	21.2%
NOM	-4.9%	-4.5%	-2.0%

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OG Summary

- **NOTE:** 6 positions within the OG budget are funded by the Goodwin Living Foundation (Brain Health - 3, Music Therapists - 2, People Engagement Manager)
- NOM budget for FY24 budget is less than zero. However, the NOM calculation does not take into account interest expense as well as Depreciation & Amortization. This represents a budgeted improvement over current year to date operations.
- Management is also focused on other profitability ratios other than just NOM. OR and NOM-A are equally important in a life plan community setting.



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OG Capital Structure and Liquidity Ratio Summary

	FY 22 Audit	YTD June 30, 2023	FY24 Budget
DSCR	3.7x	2.9x	3.38x
DCOH	699	724	747
Cash to Debt	104.2%	115.8%	128.7%

Fiscal Year 2024 Budget Presentation

OG FTE Summary

	2023 Projected	2023 Budget	2024 Budget
GHA	276	288	286
GHBC	281	284	278
Hospice	48	46	59
Home Care	65	76	70
GLAH	8	9	8
Home Office	89	88	87



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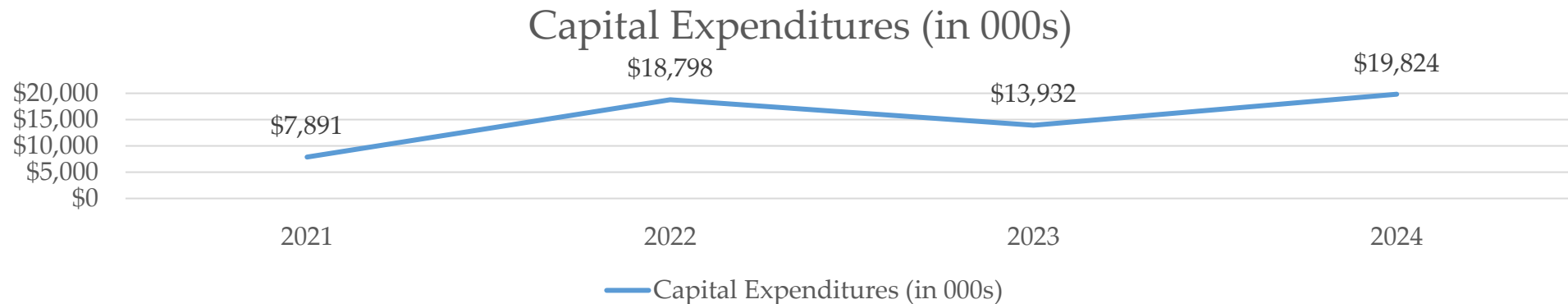


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- Capital Budget Summary:

	2023 Budget	YTD June 2023	2024 Budget
GHA	\$ 11,721,243	\$ 5,133,485	\$ 8,436,717
GHBC	\$ 9,574,024	\$ 4,978,295	\$ 11,387,509
Total	\$ 21,295,267	\$ 10,111,780	\$ 19,824,226



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- GHA Capital Budget by Department:

Department	2024 Budget	Department	2024 Budget
Chaplaincy	\$ 9,924	Dining Services	\$ 1,188,000
Life Enrichment	\$ 136,455	Administration	\$ 162,100
Front Desk	\$ 221,500	Beauty Shop	\$ 2,060
Fitness Center	\$ 232,346	Assisted Living	\$ 150,000
EVS – Housekeeping	\$ 55,470	Health Care	\$ 373,000
Plant Operations	\$ 4,911,452	Stonebrook	\$ 20,000
		Home Office Allocation	\$ 974,410



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Fiscal Year 2024 Budget Presentation

- Major Projects:
- These represent roughly 54% of GHA Capital Budget

Project	2024 Budget
Apartment Renovations	\$ 2,250,000
Small House Kitchen Renovation	\$ 600,000
AL & Small House Room Renovations	\$ 450,000
Resident Storage Area	\$ 375,000
Mixing Bowl Renovation	\$ 275,000
Fillmore Café Air Handler Unit	\$ 250,000
Market Upgrades	\$ 175,000
Main Kitchen Flooring	\$ 163,000
Subtotal	\$ 4,538,000



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- GHBC Capital Budget by Department:

Department	2024 Budget	Department	2024 Budget
Life Enrichment	\$ 42,000	Dining Services	\$ 625,000
Front Desk	\$ 326,000	H&W Administration	\$ 15,500
Social Work	\$ 2,500	Clinic	\$ 275,500
Fitness Center	\$ 4,800	Assisted Living	\$ 1,905,680
EVS – Housekeeping	\$ 9,869	Health Care	\$ 601,250
Plant Operations	\$ 6,455,000	Home Office Allocation	\$974,410
Administration	\$ 150,000		



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Fiscal Year 2024 Budget Presentation

- Major Projects:
- These represent roughly 62% of GHBC Capital Budget

Project	2024 Budget
Apartment Renovations	\$ 3,100,000
Ground Floor Renovation (auditorium, theater room, hallway)	\$ 1,675,000
AL Apartment Renovations	\$600,000
AL Common Area Renovation	\$ 521,000
Rehab Expansion & Renovation	\$ 450,000
China for JDR / Bistro	\$ 255,000
Clinic Space Renovation	\$ 250,000
Flooring	\$ 250,000
Subtotal	\$ 7,101,000



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